

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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TAGS: PINT, NL

SUBJECT: GOVERNMENT'S THREAT TO RESIGN ENSURES

APPROVAL OF 1974 FINANCE PLAN

REF: THE HAGUE 5134

1. SUMMARY: IN SECOND CHAMBER DEBATE ON GOVERNMENT
FINANCE PLAN NOVEMBER 27, FINANCE MINISTER DUISENBERG
SAID CABINET WOULD RESIGN IF KVP AND ARP PERSISTED IN
EFFORT TO AMEND GOVERNMENT PROPOSAL ON WEALTH/INCOME TAX
INCREASE. AFTER HASTY CAUCUS CONFSSIONALS BACKED DOWN.
GOVERNMENT HAS BEEN SEVERELY CRITICIZED FOR PUTTING ITS
LIFE ON LINE ON RELATIVELY MINOR FINANCIAL QUESTION.
COOPERATION BETWEEN LEFT WING AND CONFSSIONAL PARTIES
IN COALITION HAS PROBABLY BEEN AFFECTED ADVERSELY.
END SUMMARY.

2. DURING SECOND CHAMBER DEBATE ON GOVERNMENT'S PLAN
TO FINANCE 1974 EXPENDITURES, FINANCE MINISTER
DUISENBERG DECLARED CABINET WAS PREPARED RESIGN IF
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CONFSSIONAL PARTIES PERSISTED IN EFFORTS TO AMEND
GOVERNMENT'S WEALTH/INCOME TAX PROPOSALS (DETAILS REFTEL).

DUISENBERG SAID GOVERNMENT WAS RELUCTANTLY WILLING TO ACCEPT CONFSSIONAL AMENDMENTS ON TAX ON RENTAL VALUE OF PRIVATELY-OWNED HOUSES. CONFSSIONAL PARTIES IMMEDIATELY ASKED FOR RECESS AND CAUCUSED. AFTER NEARLY HOUR, SESSION RESUMED. ARP AND KVP ANNOUNCED THEY WOULD WITHDRAW THEIR AMENDMENT ON GOVERNMENT'S WEALTH/INCOME TAX PROPOSALS. DS-70 SUBSEQUENTLY OFFERED SAME AMENDMENT. ALL BUT ONE MEMBER OF THE KVP VOTED AGAINST IT.

3. ARP FLOOR LEADER AANTJES, WHO WAS HIGHLY CRITICAL OF THE GOVERNMENT'S DECISION TO POSE THE "CABINET QUESTION," SAID IT WOULD TAKE MONTHS FOR THE CLIMATE OF COOPERATION BETWEEN CONFSSIONALS AND LEFT WING TO BE RESTORED. KVP FLOOR LEADER ANDRIESSEN WAS MORE MODERATE BUT SAID GOVERNMENT BY EXERCISING GREAT POWER HAD LOST CONSIDERABLE AUTHORITY. ANDRIESSEN SAID IT WOULD HAVE BEEN IRRESPONSIBLE FOR KVP TO PRECIPITATE CABINET CRISIS ESPECIALLY IN VIEW OF PROBLEMS ATTENDANT ON OIL BOYCOTT. LABOR PARTY FLOOR LEADER VAN THIJN SAID GOVERNMENT WAS JUSTIFIED IN THREATENING TO RESIGN SINCE PLANS FOR INCREASE IN WEALTH/INCOME TAX WENT TO HEART OF ITS PROGRAM FOR SPREADING "WEALTH, WELFARE AND POWER". LIBERAL LEADER HANS WIEGEL SAID CONFSSIONAL DECISION TO WITHDRAW MEASURE INDICATED HOW COMPLETELY CAPTIVE CONFSSIONALS ARE OF LEFT WING IN COALITION.

4. COMMENT: KVP PARLIAMENTARY GROUP SECRETARY HAD TOLD EMBOFF NOV 26 FINANCE MINISTER DUISENBERG HAD MET WITH ARP AND KVP REPRESENTATIVES OVER WEEKEND IN EFFORT TO HAMMER OUT COMPROMISE. KVP WAS WILLING TO GO ALONG WITH WEALTH/INCOME TAX INCREASE AS LONG AS IT HAD ITS WAY ON TAX ON RENTAL VALUE OF PRIVATE HOUSING. KVP SOURCE SAID ANDRIESSEN TOLD PRIME MINISTER, WHO HAD CALLED HIM THROUGHOUT THE WEEKEND, THAT BEFORE KVP WOULD GIVE IN ON WEALTH/INCOME TAX PROPOSAL, HOWEVER, IT WANTED GOVERNMENT TO SAY CLEARLY THAT IT WOULD RESIGN IF WELATH/INCOME TAX PROPOSAL DEFEATED. WHILE BOTH ANDRIESSEN AND VAN THIJN, INTERVIEWED JOINTLY ON TELEVISION NOVEMBER 27, DENIED LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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THERE WAS ELEMENT OF CONTRIVED DRAMA ABOUT CRISIS, THEY SEEM TO HAVE BEEN SOMEWHAT DISINGENUOUS. THE KVP WANTED TO BE ABLE TO TELL ITS RANK AND FILE THAT ONLY THE THREAT OF GOVERNMENT RESIGNATION HAD COMPELLED IT TO GO BACK ON ITS ORIGINAL AMENDMENT PROPOSALS. FOR ITS PART THE LABOR PARTY WOULD BE ABLE TO TELL ITS RANK AND FILE (WHO WOULD BE CRITICAL OF DECISION TO YIELD TO THE CONFSSIONALS ON THE RENTAL VALUE OF PRIVATE HOUSING PROPOSAL) THAT IT HAD PUT ITS LIFE ON THE LINE FOR A FAR MORE BASIC ITEM, I.E., WELATH/INCOME TAX

REVISION. THIS WAS THE FIRST TIME THE GOVERNMENT
THREATENED TO RESIGN SINCE TAKING OFFICE IN MAY.
IT IS QUESTIONABLE WHETHER THE GOVERNMENT'S TACTIC,
(ESPECIALLY AT A TIME WHEN THERE IS NATIONAL UNCERTAINTY
VERGING IN SOME QUARTERS ON PANIC ABOUT EFFECTS OF
OIL BOYCOTT) WAS RESPONSIBLE. MOST CERTAINLY IT
ADVERSELY AFFECTS THE SPIRIT OF COOPERATION WITHIN THE
COALITION.
TANGUY

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